

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
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O R 111056Z MAR 77 ZFF 4
FM AMEMBASSY BONN
TO SECSTATE WASHDC NIACT IMMEDIATE 6395
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AMEMBASSY PARIS

S E C R E T SECTION 01 OF 03 BONN 04365

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FOR OPENING OF BUSINESS

E.O. 11652: GDS
TAGS: PFOR, TECH, PARM, MNUC, GW
SUBJECT: CONSULTATIONS ON NUCLEAR ISSUES AND BRAZIL

1. ONE-DAY CONSULTATIONS BEGINNING WITH PRE-LUNCH SESSION AND EXTENDING INTO EVENING PROCEEDED ALONG FOLLOWING LINES: (A) FRG NUCLEAR PROGRAM IN EUROPEAN CONTEXT, (B) RESPECTIVE PERCEPTIONS OF CURRENT BRAZILIAN POSITION ON FRG NUCLEAR ACCORD, (C) U.S. FUEL CYCLE PROPOSALS, AND (D) NEXT STEPS.
2. STATE SECRETARY HAUNSCHILD (SCIENCE AND TECHNOLOGY) REVIEWED FRG NUCLEAR PLANNING, EMPHASIZING COMMITMENT TO AND JUSTIFICATION FOR REPROCESSING AND ADVANCED BREEDER PROGRAMS. BOTH HE AND HERMES UNDERLINED ABSENCE OF SIGNIFICANT POLITICAL (AS OPPOSED TO ENVIRONMENTALIST) OPPOSITION TO NATIONAL NUCLEAR PLAN AS WELL AS REALITY OF PARALLEL COMMITMENTS IN FRANCE AND UK. THEY STRESSED NEED FOR U.S. TO TAKE
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INTO ACCOUNT POLITICAL, ECONOMIC AND TECHNICAL DIFFERENCES OF EUROPEAN SITUATION IN SETTING ITS POLICIES. IN THIS CONNECTION, HERMES RESTATED FRG NEED FOR HIGHLY ENRICHED URANIUM AND STRONGLY REGRETTED U.S. EXPORT DELAYS WHICH WERE "HARDLY UNDERSTANDABLE."

3. CHRISTOPHER AND NYE REBUTTED FRG ECONOMIC, ENVIRON-

MENTAL AND TECHNOLOGICAL ASSUMPTIONS UNDERLYING COMMITMENT TO PLUTONIUM ECONOMY. NYE ELABORATED U.S. PROPOSALS FOR INTERNATIONAL FUEL CYCLE EVALUATION AT TECHNICAL AND POLITICAL LEVELS AS BASIS FOR DECISIONS ON FUEL SUPPLY, REACTOR TECHNOLOGY, SPENT FUEL, REPROCESSING AND ITS ALTERNATIVES. U.S. SIDE NOTED PRINCIPAL DIFFERENCE WAS TIMING OF FUTURE NUCLEAR FUEL CYCLE DECISIONS AND EMPHASIZED NEED TO CONSIDER POTENTIALLY SAFER AND MORE RELIABLE ALTERNATIVES. U.S. ALSO ACKNOWLEDGED FRG CONCERNS ON HEU, EXPLAINING THAT DELAYS WERE NOT DIRECTED AT FRG BUT PART OF OVERALL REVIEW WHICH SHOULD BE COMPLETED IN NEAR FUTURE.

4. DISCUSSIONS THEN TURNED TO U.S./BRAZIL TALKS ON MARCH 1. AT CHRISTOPHER'S INVITATION, HERMES INDICATED THAT BRAZIL HAD PROVIDED DETAILED REPORT OF TALKS AND COPIES OF U.S. WRITTEN PROPOSALS AND BRAZILIAN RESPONSE. GOB INFORMED FRG THAT ITS RESPONSE TO U.S. PROPOSALS WAS FLATLY NEGATIVE, THAT NO ELEMENT OF ITS NUCLEAR ACCORD COULD BE SUSPENDED OR INTERRUPTED, AND THAT IT WOULD PUBLICIZE SHORTLY ITS REASONS FOR GOING AHEAD WITH FRG NUCLEAR AGREEMENT. HOWEVER, GOB AUTHORIZED FRG SIDE TO STATE THAT IT IS PREPARED TO DEPOSIT EXCESS PLUTONIUM WITH IAEA IN ACCORDANCE WITH ARTICLE XII OF AGENCY STATUTE, PROVIDED THAT THIS APPROACH IS "GLOBALLY ACCEPTED IN A NON-DISCRIMINATORY WAY." HERMES CHARACTERIZED THIS OFFER AS "REAL PROGRESS" BECAUSE PLUTONIUM WOULD BE THE ELEMENT OF GREATEST DANGER.

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5. IN RESPONDING TO HERMES, CHRISTOPHER EMPHASIZED ADMINISTRATION'S GREAT CONCERN WITH NUCLEAR EXPLOSIVE SPREAD AND SENSITIVE TECHNOLOGIES LEADING TO IT. HE EXPLAINED U.S. POLICY PROCEEDS FROM TWO GIVENS: GLOBAL ENERGY NEEDS MUST BE MET AND NUCLEAR PROLIFERATION DANGERS MUST BE REDUCED. HE NOTED ALMOST REFLEXIVE NATURE OF INITIAL BRAZILIAN REACTION, AND FACT THAT BRAZIL WAS COMMITTED TO FURTHER TALKS WITH U.S. U.S. WAS ASKING FOR DELAY ON PORTION OF FUEL CYCLE FOR WHICH BRAZIL HAS NO NEED AND WAS SUGGESTING MEANS OF ASSURING NUCLEAR FUEL SUPPLY AND REVIEW OF FUEL CYCLE ALTERNATIVES. (FRENCH SUPPORT FOR U.S. APPROACH WAS NOTED IN PASSING.) U.S. SIDE REMINDED FRG OF DIFFICULTIES WITH PLUTONIUM STORAGE UNDER ARTICLE XII: IT ASSUMES INDIGENOUS REPROCESSING AND ACCESS TO PLUTONIUM; ONLY "EXCESS" PLUTONIUM WOULD BE DEPOSITED, AND CONDITIONS OF RETURN ARE UNDEFINED; FATAL FLAW REMAINS DANGER OF REMOVING FACILITY FROM

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INFO AMEMBASSY BRASILIA
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INTERNATIONAL CONTROLS. HOWEVER, CHRISTOPHER UNDERTOOK TO GIVE GOB PROPOSAL SERIOUS CONSIDERATION, CONTRASTING THIS WITH INADEQUATE BRAZILIAN CONSIDERATION OF U.S. PROPOSALS TO DATE. (FYI. TIME REQUIRED FOR CONSIDERATION OF ARTICLE XII PLOY CAN BE TURNED INTO ARGUMENT FOR FURTHER DELAY OF SENSITIVE TRANSFERS. END FYI.)

6. HERMES REVIEWED FRG POSITION THAT SAFEGUARDS AND NUCLEAR COOPERATION, NOT NUCLEAR DENIAL, REPRESENTED BEST MEANS OF RESTRAINING NUCLEAR PROLIFERATION AND UNDERLINED FUNDAMENTAL IMPORTANCE OF NPT, INCLUDING ARTICLE IV COMMITMENT TO FULLEST POSSIBLE ACCESS TO PEACEFUL NUCLEAR TECHNOLOGY. HE SHARPLY STRESSED FRG CONCERN WITH SANCTITY OF AGREEMENTS AND VIEW THAT EVEN DEFERRAL OF IMPLEMENTATION REPRESENTED BREACH. U.S. SIDE EMPHASIZED INCENTIVES INCLUDING INTERDEPENDENT CHARACTER) INHERENT IN OUR NON-PROLIFERATION APPROACH AND TOOK STRONG EXCEPTION TO FRG INTERPRETATION OF ARTICLE IV, WHICH NEITHER COMMITS PARTIES TO SENSITIVE TRANSFERS NOR ENTAILS OBLIGATIONS WITH REGARD TO NON-PARTIES TO TREATY. CHRISTOPHER REMINDED HERMES THAT U.S. SOUGHT NO ABROGATION AND REJECTED

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VIEW THAT DEFERRAL REPRESENTED BREACH OF CONTRACT, ARGUING THAT AGREEMENT IMPOSED NO SPECIFIC TIMETABLE FOR IMPLEMENTATION.

7. SHIFTING TO NEED FOR MOVEMENT ON U.S. FUEL CYCLE EVALUATION PROPOSALS, U.S. SIDE NOTED NEED FOR BROAD PARTICIPATION BY NATIONS WITH MAJOR NUCLEAR ENERGY PROGRAMS, INCLUDING FRG AND BRAZIL, AND SOLICITED SUPPORT AND VIEWS ON HOW BEST TO PROCEED WITH INTERNATIONAL EVALUATION. HERMES REITERATED NEED NOT TO REPLACE NPT AND "BACKBONE" OF NON-PROLIFERATION EFFORTS AND TO INCORPORATE NEW APPROACHES INTO INTERNATIONAL LEGAL FRAMEWORK. HE SUGGESTED THAT JUST AS EASTERN STATES PARTICIPATE IN LONDON MEETINGS FOR POLITICAL REASONS, SUPPLIERS SHOULD INCLUDE DEVELOPING COUNTRIES SUCH AS BRAZIL AND IRAN. ALTHOUGH U.S. SIDE NOTED PROBLEMS INHERENT IN ALTERING CHARACTER OF SUPPLIERS GROUP AND NEED TO AVOID DISTINCTION BETWEEN SUPPLIERS AND CONSUMERS, NEVERTHELESS U.S. WOULD STUDY SUGGESTION BECAUSE OF POTENTIAL FOR POSITIVE FRG CONTRIBUTION BOTH TO EVALUATION PROGRAM AND IN ENCOURAGING ACTIVE SUPPORT BY KEY THIRD WORLD COUNTRIES.

8. HERMES ACKNOWLEDGED IMPORTANCE OF THIRD WORLD INVOLVEMENT AND DESCRIBED PERCEPTIONS OF U.S. UNRELIABILITY, SHARED BY BRAZILIANS, JAPANESE AND IRANIANS. GOJ HAD TOLD FRG OF IRRITATION WITH RECENT CONSULTATIONS IN WASHINGTON AND LACK OF U.S. SUPPORT FOR REPROCESSING. FRG RECEIVED INDIRECT REPORTS OF SHAH'S SENSE OF U.S. DISCRIMINATION AND PRESSURE AND DESIRE TO IRON OUT DIFFERENCES AT HIGHEST LEVEL. HERMES CONCLUDED THAT IT WAS IMPORTANT TO REVERSE THESE PERCEPTIONS AND RE-ESTABLISH CLIMATE OF CONFIDENCE IN NUCLEAR ENERGY COOPERATION. IMPLEMENTATION OF EXISTING CONTRACTUAL COMMITMENTS IS ESSENTIAL TO THIS END.

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9. ON SUBJECT OF THE FRG-BRAZIL AGREEMENT, HERMES ARGUED THAT THE FRG WAS OBLIGED TO FULFILL ITS OBLIGATION TO BRAZIL BY ISSUING PENDING EXPORT LICENSES. HE ARGUED FURTHER THAT YEARS WOULD ELAPSE BETWEEN TRANSFER OF "BLUEPRINTS" AND CONSTRUCTION OF FACILITIES. DURING THIS TIME, EARNEST EFFORTS SHOULD BE MADE TO PUT IN PLACE AN INTERNATIONAL FUEL SERVICE REGIME. HE PROFESSED TO BELIEVE THAT MAKING THE SENSITIVE

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TRANSFERS WOULD STIMULATE INTERNATIONAL EFFORTS ALONG THE LINES U.S. WAS DISCUSSING. HE REMINDED CHRISTOPHER THAT FRG HAD BEEN HOLDING UP ISSUANCE OF LICENSES SINCE HIS JANUARY VISIT TO WASHINGTON, HAD NOT STOOD IN WAY OF U.S. APPROACH TO BRAZIL, AND FELT IT WAS TIME TO PROCEED IN LIGHT OF GOB RESPONSE TO U.S. PROPOSALS.

10. CHRISTOPHER MADE STRONG REQUEST FOR FRG NOT TO PROCEED WITH LICENSES PENDING FURTHER TALKS WITH BRAZIL AND U.S. MEETINGS WITH GENSCHER AND SCHMIDT. HE MADE POINT THAT JANUARY DISCUSSIONS HAD BEEN OVERTAKEN BY SUBSEQUENT COMMUNICATIONS BETWEEN CHANCELLOR AND BOTH PRESIDENT AND VICE-PRESIDENT. WHILE FRG HAD NOT STOOD IN WAY OF U.S. APPROACH TO BRAZIL, NEITHER HAD IT HELPED THE PROCESS ALONG. IN VIEW OF CONVERSATIONS THAT DAY WITH SCHMIDT AND GENSCHER, HE COULD NOT ACCEPT HERMES CHARACTERIZATION OF "RELATIVE UNIMPORTANCE" OF LICENSES IN QUESTION. HE EXPRESSED HOPE -- INDEED EXPECTATION -- THAT FRG WOULD JOIN IN STOPPING SPREAD OF NUCLEAR EXPLOSIVES AND OF TECHNOLOGY CONTRIBUTING TO THIS SPREAD. HE THEREFORE ASKED HERMES TO RECOMMEND FURTHER DEFERRAL. HERMES RESPONDED THAT LICENSING
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DECISIONS WOULD BE MADE BY CHANCELLOR AND CABINET
AND THAT HE COULD GO NO FURTHER THAN TO "FAITHFULLY
REPORT" U.S. VIEWS AND REQUEST FOR DELAY.

11. HERMES REQUESTED, AND RECEIVED FROM U.S. SIDE,
EXPLANATION OF U.S. EXPORT LEGISLATION RECENTLY INTRO-
DUCED IN CONGRESS. HE EXPRESSED ALARM OVER PROVISIONS
DIRECTED AGAINST ENRICHMENT AND REPROCESSING IN NON-
NUCLEAR WEAPONS STATES. U.S. SIDE EXPRESSED UNDER-
STANDING OF FRG CONCERNS AND POINTED OUT THAT
LEGISLATION WAS CONGRESSIONAL INITIATIVE WHICH DID NOT
HAVE ADMINISTRATION BLESSING.

12. AT CONCLUSION OF TALKS, HERMES EXPRESSED
ASSUMPTION THAT NUCLEAR ISSUES WOULD BE ISOLATED FROM
OTHER ELEMENTS OF U.S.-FRG RELATIONSHIP. CHRISTOPHER
REITERATED U.S. VIEW OF FUNDAMENTAL IMPORTANCE OF ITS
TIES WITH THE FRG. HE NOTED, HOWEVER, THAT WHILE THE
NUCLEAR ISSUE WAS NOT LINKED TO OTHER BILATERAL ISSUES,
NEITHER WAS IT ISOLATED: A DECISION TO TRANSFER
SENSITIVE TECHNOLOGY NOW WOULD RECEIVE A HIGHLY
UNFAVORABLE REACTION, ESPECIALLY SINCE THE PRESIDENT
WOULD BE MEETING SOON WITH HIGH FRG OFFICIALS. HERMES
SHOULD UNDERSTAND THAT, LINKAGE ASIDE, SUCH A DECISION
WOULD NOT BE WITHOUT COST IN AFFECTING CLIMATE FOR
SUCH TALKS. HERMES EXPRESSED FULL UNDERSTANDING OF THIS
POINT.

13. COMMENT: ATMOSPHERE DURING THIS ROUND OF TALKS
WAS GOOD. IN CONTRAST TO FEB. 10-11 SESSION FRG SIDE
DISCUSSED BRAZIL NUCLEAR ISSUES MORE OPENLY AND WITH
ACKNOWLEDGMENT THAT WE BOTH FACE A SERIOUS PROBLEM.
FROM OUTSET THEY DISPLAYED AWARENESS THAT TALKS WOULD
CONTINUE, BUT CONCERN THAT PRESSURES FROM GERMAN
INDUSTRY AND BRAZIL WOULD LIMIT TIME IN WHICH TO FIND
SOLUTION.

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Message Attributes

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